

Message Text

UNCLASSIFIED

PAGE 01 KUWAIT 03858 150949Z

10
ACTION NEA-10

INFO OCT-01 EUR-12 EB-07 ISO-00 /030 W
----- 001713

R 150910Z AUG 76
FM AMEMBASSY KUWAIT
TO USDOC WASHDC
INFO SECSTATE WASHDC 5983
AMEMBASSY ABU DHABI
AMEMBASSY ATHENS
AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN
AMEMBASSY JIDDA

UNCLAS KUWAIT 3858

ATHENS FOR RTDO

E.O. 11652: N/A
TAGS: BEXP, KU
SUBJ: MAY 1977 PETROCHEMICAL SPECIALIZED TRADE MISSION

REF: A) STATE 143787; B) KUWAIT 1009; C) 75 KUWAIT A-85

1. EMBASSY HAS NO OBJECTION TO DATES OF SUBJECT TRADE MISSION PROPOSED REF A. EMBASSY DOES NOTE THAT LENGTH OF PROPOSED STAY IN KUWAIT WILL LEAVE, AT BEST (ASSUMING ARRIVAL EARLY ON MAY 10) 2-1/2 WORKING DAYS. THIS WOULD LIMIT NUMBER OF APPOINTMENTS THAT COULD BE ARRANGED. IN LIGHT OF THIS, EMBASSY REPEATS SUGGESTION IN REF B, THAT TRADE MISSION APPOINTMENTS BE DEVOTED PRIMARILY TO INFORMATION GATHERING ON PROJECT OPPORTUNITIES, WORKING IN KUWAIT, ETC., RATHER THAN ARRANGING AGENCY AGREEMENTS, SALES, ETC.

2. FOLLOWING RESPONSES KEYED TO REF A, PARA 2:
A) CURRENTLY AVAILABLE INFORMATION DOES NOT ALLOW COMPLETE BREAKDOWN BY PRODUCT CATEGORY, BUT ALL TYPES PETROCHEMICAL EQUIPMENT USED IN REFINERIES, LPG PROCESSING, AROMATICS, ETHYLENE, AND OTHER PETROCHEMICALS PROJECTS
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KUWAIT 03858 150949Z

SHOULD DO WELL. SUCH ITEMS INCLUDE PROCESS CONTROL

EQUIPMENT (SEE REF C FOR DISCUSSION OF PROSPECTS IN THIS FIELD), PUMPS, COMPRESSORS, TURBINES, VESSELS, HEAT EXCHANGERS, TANKAGE PIPES, AND MAJOR STRUCTURAL ITEMS SUCH AS FRACTIONING TOWERS.

B) GOK IMPORT FIGURES FOR PETROCHEMICAL EQUIPMENT AND PARTS ARE LISTED BY END USE (REFINERIES, CHEMICAL FERTILIZER PLANTS, ETC.). IMPORT FIGURES BELOW (LATEST AVAILABLE) DO NOT, THEREFORE, INCLUDE SUCH ITEMS AS TURBINES, COMPRESSORS, PIPES, ELECTRICAL AND AIR CONDITIONING EQUIPMENT.

	U.S. MKT.	JAN-SEPT	
	1974	SHARE	1975
	(000 KD)	(PERCENT)	(000 KD)
GAS AND OIL FIELD			
EQUIPMENT	1,597	68	2,276
OIL REFINERY EQUIPMENT	954	22	535
CHEMICAL FERTILIZER			
EQUIPMENT	568	7	525
PLASTIC-WORKING EQUIPMENT			
MENT	144	14	124
CHLORINE, CAUSTIC SODA			
PLANT EQUIPMENT	94	1	38
TOTAL	3,357		3,498

(NOTE: KD 1 EQUALS \$3.42) (\$11.5 MILLION - 1974)

(\$12 MILLION - JAN-SEPT. 1975)

C) GOK CHARGES FOUR PERCENT AD VALOREM DUTY ON MOST ITEMS. DUTIES OF UP TO 15 PERCENT ARE POSSIBLE ON GOODS WHICH ARE MANUFACTURED LOCALLY. (IN PETROCHEMICAL EQUIPMENT, ONLY SOME HEAT EXCHANGERS AND MINOR STRUCTURAL ITEMS ARE PRODUCED IN KUWAIT.)

D) OTHER THAN THE PROVISIONS OF THE BOYCOTT OF ISRAEL LAW, WHICH IN KUWAIT ARE OBSERVED STRICTLY, THERE ARE NO TRADE OR OTHER RESTRICTIONS.

E) IN SOME CASES, U.S. EQUIPMENT CARRIES HIGHER PRICE THAN EQUIPMENT PRODUCED ELSEWHERE. KUWAITIS SEEM WILLING TO OVERLOOK THIS DIFFERENTIAL, SINCE THEY RECOGNIZE HIGH QUALITY OF U.S. PRODUCTION. THEIR TOLERANCE IN THIS RESPECT, HOWEVER, HAS ITS LIMITS, AND IT IS DOUBTFUL THAT THEY WOULD BE WILLING TO PAY MORE THAN 10 PERCENT, FOR EXAMPLE, MERELY TO BUY U.S. PRODUCTS.

F) POINT E IS REINFORCED BY SPREAD OF KUWAITI PURCHASES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KUWAIT 03858 150949Z

MAJOR SUPPLIERS OF PETROCHEMICAL EQUIPMENT ARE GERMANY, ITALY, UK, JAPAN, AND SPAIN. U.S. DOMINANCE IS CLEARER IN GAS AND OIL FIELD EQUIPMENT. U.S. IN CLOSE COMPETITION WITH OTHERS IN REFINERY FIELD, 0 - \$ 54-8) 8, 95#34 -43- . IN ADDITION, FRANCE, DURING 1975, HAS BECOME SIGNIFICANT SUPPLIER IN SOME FIELDS. DIVERSITY OF SUPPLY SOURCES PROVIDES KUWAIT WITH STRONG COMPETITIVE POSITION WHICH IT USES TO UTMOST.

G) MAJOR PROJECTS LISTED BELOW ARE THOSE PETROLEUM-RELATED AND PETROCHEMICAL PROJECTS WHICH ARE UNDER CONSTRUCTION (UC) OR PLANNED FOR NEXT FIVE YEARS, THROUGH 1981).

	TOTAL VALUE (MILLION \$)	OF WHICH EQUIPMENT
REFINING		
LPG PLANT (UC)	875	400
REFINERY EXPANSION	1,400	700
OTHER REFINERY PROJECTS	90	45
ASPHALT PLANT	20	10
SULPHUR PLANT	10	5
LUBRICATION MIXING AND		
REFINING	75	37
PETROCHEMICALS		
AROMATICS	300	100
OLEFINS	550	180
HYDRAZENE	50	16
MELAMINE	20	6
TOTAL	3,390	1,499

H) NONE.

3. EQUIPMENT ESTIMATE IN SECTION G BASED ON ASSUMPTION, OBTAINED IN DISCUSSIONS WITH MANAGERS IN REFINING AND PETROCHEMICAL FIELDS, THAT EQUIPMENT CONSTITUTES ONE-THIRD OF TOTAL EXPENDITURE ON PETROCHEMICAL PROJECTS, AND ONE-HALF ON REFINERY PROJECTS. THOUGH THESE PERCENTAGES ARE PROBABLY LOW, THEY ARE INDICATIVE OF MAGNITUDE OF EQUIPMENT EXPENDITURES FOR PETROCHEMICAL PROJECTS OVER NEXT FIVE YEARS.

MAESTRONE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT03858
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760313-0787
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760852/aaaabtch.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 143787, 76 KUWAIT 1009, 75 KUWAIT A-85
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2004 by ReddocGW>; APPROVED <18 JAN 2005 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAY 1977 PETROCHEMICAL SPECIALIZED TRADE MISSION
TAGS: BEXP, KU
To: COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006